



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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May 10, 2005

To: Supervisor Gloria Molina, Chair
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Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

PUBLIC COMMENT QUESTIONS REGARDING DEPARTMENT OF HEALTH SERVICES REQUEST FOR PROPOSALS FOR 911 AMBULANCE SERVICES

At your Board's March 22, 2005 meeting, several issues were raised by Mr. Michael Parker of Priority One Ambulance Company (Priority One), regarding the Department of Health Services (DHS) Request for Proposals (RFP) for emergency ambulance transportation services within the County. Mr. Parker's concerns dealt with the retention by the County of bid deposits from vendors participating in the RFP process, the RFP requirements related to vehicles to be used in providing the services, and payments owed to the County by one or more vendors participating in the DHS RFP process. Mr. Parker also expressed general concern regarding the RFP process conducted by DHS for these services. The following report addresses these concerns and incorporates information provided recently to your offices by DHS Emergency Medical Services (EMS) Agency staff.

Background

On May 6, 2004, DHS released an RFP to select vendors to provide emergency ambulance transportation services (i.e., transport vehicles staffed at the minimum basic life support level). The most qualified provider(s) would be selected, subject to approval by your Board, to provide these services, under a separate agreement for each of seven exclusive operating areas in the County. The deadline for submission of proposals was noon on July 1, 2004, and DHS received 28 proposals from nine ambulance companies for the seven areas.

Requirement for Bid Deposits

In order to participate in the RFP process, bidders were required to provide a bid deposit of \$20,000 for the first exclusive operating area for which a proposal was submitted, plus \$7,500 for each additional exclusive operating area proposal submitted. In the case of Priority One, a total bid deposit of \$50,000 was submitted with proposals for five exclusive operating areas.

The requirement of a bid deposit was intended to partially compensate the County for time and costs incurred for any bid proposals in which information or credentials in the proposals were found to be substantially false, misleading, incomplete, deceptive or unresponsive or which were withdrawn before the firm offer period for the proposal. In that case, the bid deposit would have been forfeited.

The RFP required that the bid deposit be held throughout the RFP process, but not beyond 270 days following the proposal submission deadline of July 1, 2004. The 270-day period ended on March 27, 2005 and, therefore, all bid deposits were returned to the bidders on March 28, 2005, with a request for acknowledgement of receipt. This includes the \$50,000 bid deposit due to Mr. Parker at Priority One, and receipt of the bid deposit amount was acknowledged.

RFP Requirements for Service Vehicles

The RFP required that the selected contractor provide and maintain all ambulance vehicles to be used to provide the ambulance transportation services and that the proposal's statement of work include information on the "number of dedicated and backup ambulance vehicles and ambulance station locations within the exclusive operating area and adjacent areas, whether actual or proposed..."

DHS indicates that many ambulance companies already operate vehicles which may be used to perform services sought under the RFP. The RFP required bidders to provide an overall description of the current fleet of ambulance vehicles including what percentage of the fleet is owned, leased, and/or rented and the quantity, quality, and life of the ambulance vehicles.

However, the terms of the RFP did not require the bidder to have the vehicles in hand, but did require the bidder to identify how many vehicles they would provide and to show proof either by vehicle identification numbers for current vehicles or by purchase order verification for new vehicles. Consistent with evaluation criteria used in the RFP, the proposals for new vehicles (considered an upgrade) were given higher scores than those with older vehicles.

Payments Owed to the County

Under delegated authority approved by the Board on April 17, 2001, the County Fire District has executed agreements with ambulance companies which allow them to receive reimbursement for advanced life support (ALS) services provided by County Fire District paramedics. The ALS services, provided before and during transport to the hospital, are for patients who require a higher level of care than the basic life support (BLS) services provided to patients by the ambulance companies.

Guidelines for the Federal Medicare program allow costs associated with emergency medical transport, including medically necessary ALS services, to be billed by the ambulance company providing the transport for Medicare-eligible patients. The County Fire District, however, may not bill directly for these services. In addition, the ambulance providers are able to bill other patients and/or their third party payors for the cost of these services. Under the County Fire District's agreements, the ambulance companies provide a portion of these revenues to County Fire as reimbursement for the difference between the BLS services they provide and the higher level ALS services provided by paramedics.

The DHS RFP for emergency ambulance transportation services includes a requirement that selected contractors must execute a paramedic billing services agreement with the County Fire District which would allow for this reimbursement of ALS services to continue.

County Fire District staff confirms that they are currently attempting to collect overdue reimbursement amounts from one of the four ambulance companies with which they have contracts. This company, Emergency Ambulance Services (EAS), did submit a proposal in response to the DHS RFP, but was not among the contractors recommended for awards. The company currently provides services to Diamond Bar and Walnut and used to be a provider in the City of Inglewood.

EAS owes approximately \$659,000 in reimbursement over a period dating back to 2002, a portion of which will be credited to the City of Inglewood per the District's contract with the City. The Fire Department has been working with County Counsel on its legal options for repayment since January 2004. As a result, they sent a Letter of Default to EAS in April of 2004; and after continuing to work with the agency with only a partial repayment received, sent a certified Demand for Payment letter on March 30, 2005. The Department continues to work with County Counsel on the further actions necessary to pursue full payment of the amount owed.

At their request, Priority One was able to review the County Fire District's reimbursement documents, and has not raised subsequent concerns to County Fire or DHS following that review.

Status of the DHS RFP

While Mr. Parker expressed concerns regarding the RFP process, DHS does not believe there is justification to support reissuing the RFP, as Mr. Parker suggests. DHS indicates that they have followed all provisions outlined in the RFP document itself, and they are continuing to follow the Contract Solicitation Protest Policy adopted by your Board to address protest issues raised by the bidders.

In September 2004, the RFP Evaluation Committee convened by DHS completed its review and notified the bidders, by letter, of their recommendations for each of the seven exclusive operating areas. Consistent with the Contract Solicitation Protest Policy, the bidders were also informed that they could schedule a debriefing meeting with DHS to discuss the RFP. All nine ambulance companies that submitted bids requested debriefing meetings, which were subsequently held in October 2004.

Following the debriefing meetings, seven of the nine companies requested the second phase of the protest process, the contractor selection review. The three-member review panel was convened, consisting of DHS and EMS Agency staff not directly involved with the RFP or the initial evaluation, and assisted by County Counsel staff. The panel met on several occasions during the period from November 2004 to March 2005 to review the issues raised by the seven companies in their protest requests and to develop responses to each of the issues. These responses were then submitted in writing to the respective companies. Based on the findings of the contractor selection review panel, the award recommendations were revised for one of the seven exclusive operating areas and notification was provided to all bidders.

At this final phase of the protest process, two of the companies, American Medical Response of Southern California (AMR) and Priority One, have requested hearings by the County Review Panel. A three-member panel to conduct both hearings has been convened by my office and consists of Departmental Contract Managers from the Internal Services Department, the Department of Public Works and my office.

The first hearing, involving AMR, is set for Wednesday, May 11, 2005 at 8:30 a.m. and the second hearing, involving Priority One, is set for Thursday, May 19, 2005 at 8:00 a.m. Both hearings will be held at the Hall of Administration in Room B-28-E. The hearings are subject to Brown Act requirements and the required public notice has been posted for the May 11 hearing and will be posted for the May 19 hearing. Following the

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hearings, the County Review Panel members will forward its reports to DHS within ten business days of the respective hearings; DHS will provide a copy to the proposers.

Concurrently, as provided for in the protest policy, DHS is proceeding with contract negotiations with the selected contractors and, contingent on those negotiations, anticipates presenting their recommendations for approval by your Board in June 2005.

If you have questions or need additional information, please contact me or your staff may contact Sheila Shima, of my staff, at (213) 974-1160 or Carol Meyer, EMS Agency Director, at (323) 890-7545.

DEJ:SRH
DIL:SAS:bjs

c: Executive Officer, Board of Supervisors
County Counsel
Director of Health Services
Fire Chief